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Top Secret 219

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NATIONAL INTELLIGENCE DAILY CABLE

Friday 16 June 1978

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NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Friday, 16 June 1978.

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The NID Cable is for the purpose of informing senior US officials.

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PAKISTAN: No Civilian Government

25X1 [] Pakistan's Chief Martial Law Administrator Zia-ul-Haq apparently has shelved his plans to form a civilian government and seems to be making changes in his administration that would enable the military to rule for a prolonged period.



25X1 [] Projected shifts of senior military officers may be designed to prepare the military for extended rule. The most important appointment being contemplated is the transfer of Lieutenant General Mohammed Iqbal from command of a corps to the long-vacant post of Deputy Chief of Army Staff. Although Zia would remain nominal army commander, Iqbal would become its effective chief, freeing Zia to concentrate on ruling Pakistan. The change would also make it easier for Zia to assume the presidency or the prime ministry should he decide to form a civilian government.

25X1 [] Zia faces no pressing domestic political problems at this time. A strike by newsmen in Lahore, which could have become the focus of dissatisfaction with military rule, has been settled. Former Prime Minister Bhutto's fate is still undecided, but the Supreme Court is allowing Bhutto's lawyers to rehash his murder trial in great detail and it is unlikely that Zia will soon have to decide whether to uphold Bhutto's death sentence.

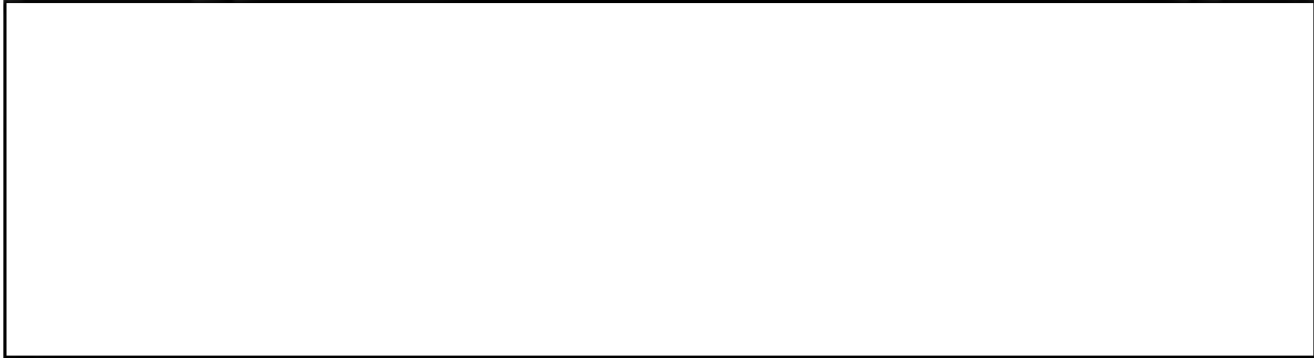


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**CHINA-VIETNAM: Critical Phase**

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[Redacted] Feuding between Vietnam and China is entering a critical phase. Two Chinese ships left Canton yesterday for Ho Chi Minh City and Haiphong to begin evacuating ethnic Chinese on Tuesday. Peking's handling of evacuation preparations to date amounts to a direct and deliberate challenge to Hanoi. The way the evacuation unfolds will determine the course of Sino-Vietnamese relations for the immediate future.

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[Redacted] A potential confrontation over the evacuation has been brewing since 24 May, when the Chinese Ambassador informed Hanoi of Peking's evacuation plans, evidently specifying that ships would arrive in Haiphong and Ho Chi Minh City on 8 June. The note apparently was a unilateral declaration of Chinese intent rather than a request for Vietnamese permission.

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[Redacted] Hanoi responded on 28 May by calling for negotiations on the evacuation plans and other aspects of the dispute over Vietnam's treatment of its Chinese population. Although Peking rejected this call, Hanoi on 5 June announced that Chinese ships would be allowed to enter unspecified Vietnamese ports on 20 June to begin evacuating "Chinese citizens." Hanoi stipulated, however, that the ships would have to go through all the normal procedures for foreign ships entering Vietnamese ports.

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[Redacted] This announcement was apparently the last official exchange between Hanoi and Peking on the evacuation and since then both sides have engaged in a war of nerves. Three Chinese passenger ships have been anchored near Canton since late May and the Chinese media have trumpeted the preparations for the evacuation. The departure of the two ships yesterday was marked by a rally attended by the senior official in charge of overseas Chinese affairs and by local military commanders.

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[redacted] In reporting the departure of the ships, the official Chinese news agency specified that they were sailing for Haiphong and Ho Chi Minh City.

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[redacted] The Vietnamese for their part have scored China for "high handed and erroneous" behavior. A speaker at a rally in Ho Chi Minh City on 10 June assailed the Chinese for "arrogantly and unilaterally" fixing the time and place for the evacuation, and Vietnamese propagandists have made frequent references to Hanoi's determination to oppose Chinese attempts to violate Vietnamese "sovereignty."

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[redacted] it is unlikely at this juncture that a direct military confrontation will attend the evacuation attempt. Beyond this, however, it is difficult to anticipate how events will unfold.

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[redacted] Hanoi clearly wants to avoid a complete rupture with China. If Peking makes a gesture toward complying with Vietnamese "procedures" before the ships arrive, Hanoi might choose to permit the evacuation in hopes of preventing any further deterioration of relations.

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[redacted] Hanoi, however, might calculate that any sign of weakness would only make Peking believe it can intimidate Vietnam on other more fundamental issues such as Hanoi's close ties with Moscow. Accordingly, if Peking continues to refuse to meet minimum Vietnamese demands, Hanoi might refuse entry to the Chinese ships or permit a limited evacuation that would not imply capitulation to Chinese pressure.

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[redacted] Whatever the outcome, we believe that the potential for a military incident will remain high over the near term. Friction between villagers on both sides of the border and the continued flow of refugees into China by land and along the coast have created a situation ripe for clashes between border units.

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ISRAEL-EGYPT: Debate on Negotiations

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The Israeli cabinet remains divided over how to respond to US questions concerning eventual sovereignty over the West Bank and the Gaza Strip and arrangements for Palestinians in these areas to express their views. The next and perhaps conclusive cabinet debate on these issues will be held on Sunday. Prime Minister Begin may seek to rally support for some compromise formula acceptable to hard-liners and moderates alike in order to avert an open cabinet split that could weaken his capacity to provide strong leadership on peace issues. President Sadat, for his part, is stressing the need for Israeli concessions but he is vague about what Egypt will do if these are not forthcoming.

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Begin apparently has not yet formally committed himself to any proposal but has remained above the debate while assessing cabinet sentiments. According to the Israeli press, Minister without Portfolio Chaim Landau, Foreign Minister Moshe Dayan, and Defense Minister Ezer Weizman have proposed different responses to the US queries.

-- Landau, Begin's confidant, is said to support the Prime Minister's original plan that would permit some sort of "review" of the sovereignty issue after Begin's plan for limited Palestinian self-rule had been allowed to operate for five years.

-- Dayan allegedly favors negotiations with Jordan and Palestinian representatives from the West Bank and Gaza to reach a final decision after five years. Dayan also believes Israel should seek acceptance of as many elements as possible in Begin's autonomy plan, including a continuing Israeli military presence, rejection of an independent Palestinian state, and agreement that Israelis can continue to settle in the West Bank and Gaza.

-- Weizman is said to advocate a vaguer and more open-ended proposal providing only that a final decision be reached after five years through negotiations with Jordan, Palestinian representatives, and Egypt.

25X1 [] Landau presumably enjoys strong support among cabinet hard-liners from Likud and the National Religious Party. Dayan, for his part, has few friends in the cabinet. If his proposals are to carry weight, Begin would have to give them his strong personal blessing.

25X1 [] The four ministers of the Democratic Movement for Change probably favor some modifications in Begin's plan and, unless they present some ideas of their own, might support Weizman as they sometimes have done in the past. Without the additional backing of Finance Minister Simcha Ehrlich, leader of Likud's liberal wing, and moderates in the National Religious Party, however, Weizman would be unlikely to push vigorously for an alternative to Begin's plan. Since his unsuccessful political challenge to Begin a few months ago, Weizman has assumed a low profile and has sought to avoid further antagonizing Begin's influential supporters in Likud.

25X1 [] The Prime Minister may be considering an alternative plan said to have been circulated among cabinet ministers that combines elements from the other proposals. This plan declares that Israel will be prepared to discuss a permanent resolution of the West Bank - Gaza sovereignty question after five years if "mutual agreement" among the parties involved can be reached. As long as no new arrangements can be arrived at, Begin's autonomy plan will remain in force.

25X1 [] Although a number of Israelis clearly have reservations about Begin's negotiating tactics, most do not believe that there is any compelling reason for him to offer major new concessions at this time, and they apparently do not expect him to do so. In their view, as long as Sadat is sincerely interested in reaching a settlement, no harm can result if Begin continues to move slowly and cautiously in negotiations.

25X1 [] In a series of addresses last week to military units based at the Suez Canal, President Sadat strongly implied that Israel would have to put forward new, positive elements in its answers to the US, if the possibility of direct negotiations

is to be kept alive. He was less clear, however, about what Egypt would do if the Israelis fail to open new avenues for negotiations. In one speech, Sadat warned that, if there were no change in Israel's position, it would be "futile" to continue talks, but he later took a more cautious line, reminding his audience that the peace process needs more time.

25X1 [] Sadat and the Egyptian media have been particularly direct in laying responsibility for continuing negotiations at the US door. In a widely publicized interview last week, Sadat stated that President Carter has chosen not to pressure Israel at this time but could do so at any time, with results. Egyptian correspondents in the US are predicting that the US is on the brink of taking a "highly active" role in the peace process; speculation has included the possibility of a US arms embargo against Israel and of a US-Egyptian summit by mid-summer.

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SOUTH AFRICA: Soweto Status Changed

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[] In a surprise move on the eve of the anniversary of the Soweto riots two years ago, the South African Government announced its intent to grant almost full municipal status to Soweto, the largest black township in the country. Virtually all civic powers and duties, except taxing, are to be transferred from the white administrative authority to the Soweto Community Council that was elected last year with scarcely a 6 percent voter turnout.

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[] Although the government had promised some type of municipal status for Soweto within five years, the move yesterday is so sweeping that it is sure to spark a wave of skepticism among blacks. Soweto residents wonder whether the transfer of authority will give genuine local autonomy to the town or merely be a new means of government control of the township's more than 1 million inhabitants. The move does fulfill many demands of Soweto's black community and marks a significant departure in white thinking by accepting the permanence of urban black townships.

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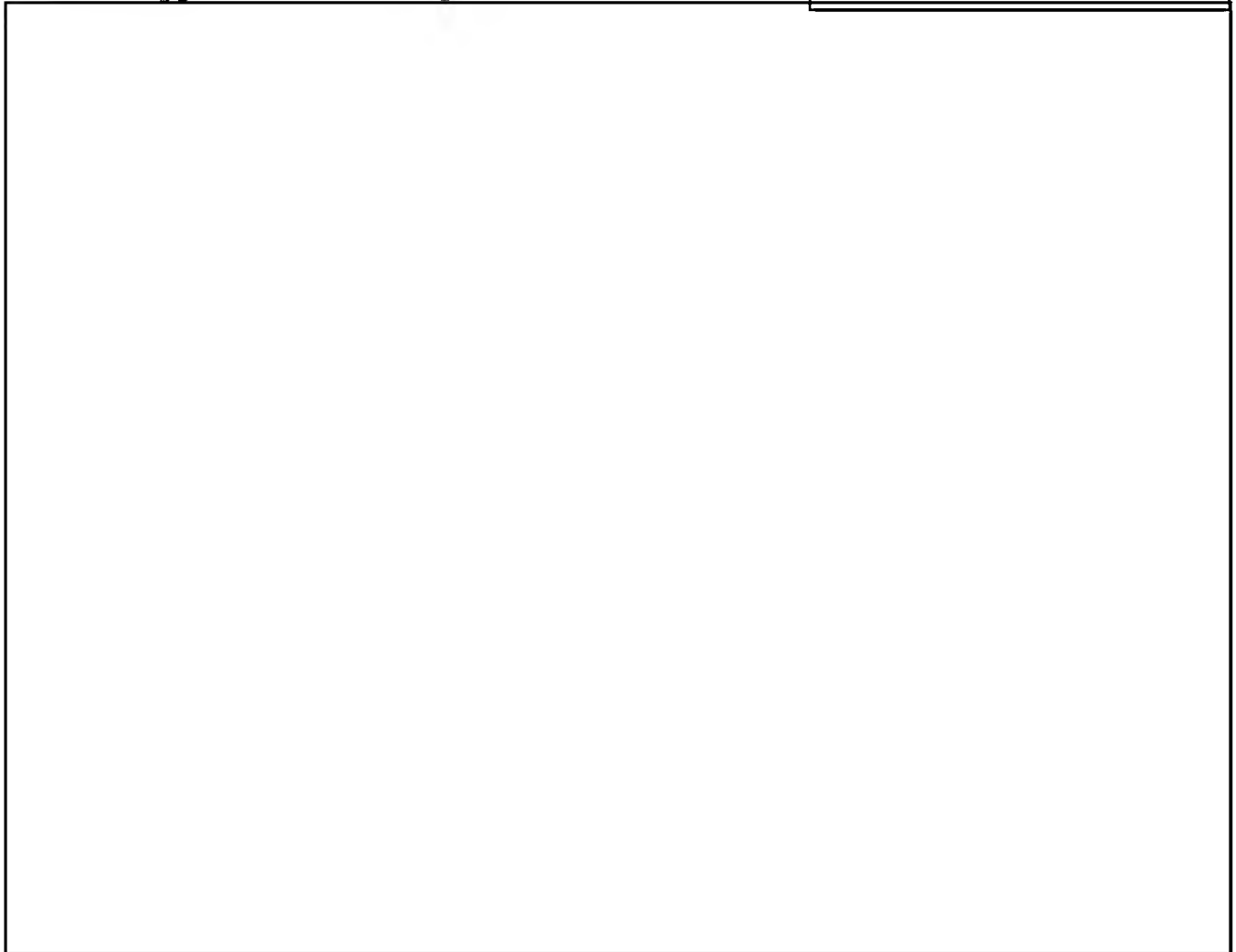
[] Bestowing civic status on Soweto does not, however, portend granting political rights to blacks. The government is forging ahead with legislation designed within the next generation to deprive blacks of South African citizenship.

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[] The announcement was undoubtedly timed to dampen the possibility of violence during the Soweto commemorative services planned for tomorrow. Black leaders intend these observances to be peaceful and dignified. Soweto students--who sparked the riots in 1976 that continued sporadically for more than 18 months and left hundreds dead--are disorganized and appear to lack the leadership to mount an effective protest campaign at the present time.

25X1 [] While the authorities believe they have broken the back of the black consciousness movement through the mass bannings and arrests of late last year, they are wary that renewed violence could break out and have stationed sizable police forces in the township. The police intend to minimize confrontation, but their concern over attacks on individual policemen has been heightened by recent discoveries of caches of smuggled Soviet weapons and explosives. []

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BELGIUM: Government Coalition Crisis

[Redacted] Belgian Prime Minister Tindemans resigned yesterday largely because the Socialists, the second largest party in the four-party coalition, refused to go along with proposed budget cuts. Dissension within the coalition has been evident for several months, and Tindemans had threatened to call for a vote of confidence by the end of last month. Government preoccupation with Zaire, however, delayed the crisis.

[Redacted] Tindemans earlier this year proposed an across-the-board cut of 2 percent in planned 1978 expenditures to overcome revenue shortfalls stemming from the country's poor economic growth. The Socialists opposed reduced spending for social programs and, in the latest impasse, attempted to tie reforms in unemployment compensation and health care to implementation of the first phase of the controversial federation plan--an effort

to address the country's linguistic differences. Progress on the federation accord will be slow and the Socialists' move would have delayed what Tindemans sees as necessary budgetary reforms.

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[redacted] Tindemans' resignation has not been accepted or rejected by the King. The next step in the crisis will be a meeting of party presidents to explore the possibility of patching up the differences at least until the summer recess that begins in July. There appears to be no ready alternative to the present coalition, largely because the Liberals--the principal opposition parties--would have difficulty going along with the programs of either Tindemans' Social Christians or the Socialists.

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[redacted]

BRIEFS

Palestinians

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[redacted] //Those responsible for the assassination yesterday of the Palestine Liberation Organization's representative in Kuwait are not yet known. The perpetrators, however, may well belong to an extremist Palestinian group that opposes Fatah's policies and its domination of the PLO. The representative, Ali Yasin, was a fairly prominent and moderate member of Fatah.//

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[redacted] //The PLO's Voice of Palestine radio has accused Iraq of complicity in the killing, probably because the Iraqi-supported Black June terrorist group apparently was responsible for the assassination of the PLO representative in London in January. Yasin's death could increase Arafat's resolve to rein in extremists in the Palestinian movement and will cause a further deterioration in Fatah-Iraqi relations.

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